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News Release

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Elkton man indicted for bank fraud, money laundering

A federal grand jury has returned an indictment against a 57-year-old Elkton man for allegedly defrauding investors out of money on the pretense it would be invested in collector vehicles. In an indictment filed in U.S. District Court on Tuesday, November 17, Fred Engelhart was charged with three counts of wire fraud, two counts of bank fraud, and one count of money laundering relative to his crime. He also was charged with possession of a short-barreled shotgun.

The indictment alleges that between March and May of 2007, Engelhart, acting as a broker, received money from the sale of collector vehicles but failed to pay the sellers of those vehicles what was due them. He also allegedly failed to deliver valid titles to vehicle purchasers.

Specifically, on three separate occasions, Engelhart received from vehicle purchasers wire transfers totaling \$493,800. Then, on March 23, 2007, he wired \$250,000 of that money from Farmers State Bank of Elkton to purchase real estate, knowing those funds were derived from wire fraud. He also submitted false financial statements to the Farmers State Bank of Elkton to secure loans in excess of \$500,000 for his business, Engelhart Performance. The statements were false in that they understated his liabilities. Moreover, in December of 2006, he used his purported inventory of collector cars, valued at more than \$2,000,000, to secure a \$500,000 business loan from Rushford State Bank. However, the bank later learned Engelhart did not own the inventory, and when it was liquidated, the bank did not receive any of the liquidation proceeds.

Finally, the indictment alleges that on July 25, 2008, Engelhart possessed a Sporting Arms Snake Charmer II 410-gauge shotgun with a barrel measuring less than 18 inches. Furthermore, the weapon was not registered under his name with the National Firearms Registration and

Transfer Record. As a result, possession of it was illegal under federal law.

If convicted, Engelhart faces a potential maximum penalty of 20 years in prison on each wire fraud count as well as the money laundering count. He faces 30 years on each bank fraud count and 10 years for possession of a sawed-off shotgun. All sentences are determined by a federal district court judge. This case is the result of an investigation by the Internal Revenue Service-Criminal Investigation Division, the Bureau of Alcohol, Tobacco, Firearms, and Explosives, and the Minnesota Financial Crimes Task Force. It is being prosecuted by Assistant United States Attorney Ann M. Anaya.

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An indictment is a determination by a grand jury that there is probable cause to believe that offenses have been committed by a defendant. A defendant, of course, is presumed innocent until he or she pleads guilty or is proven guilty at trial.